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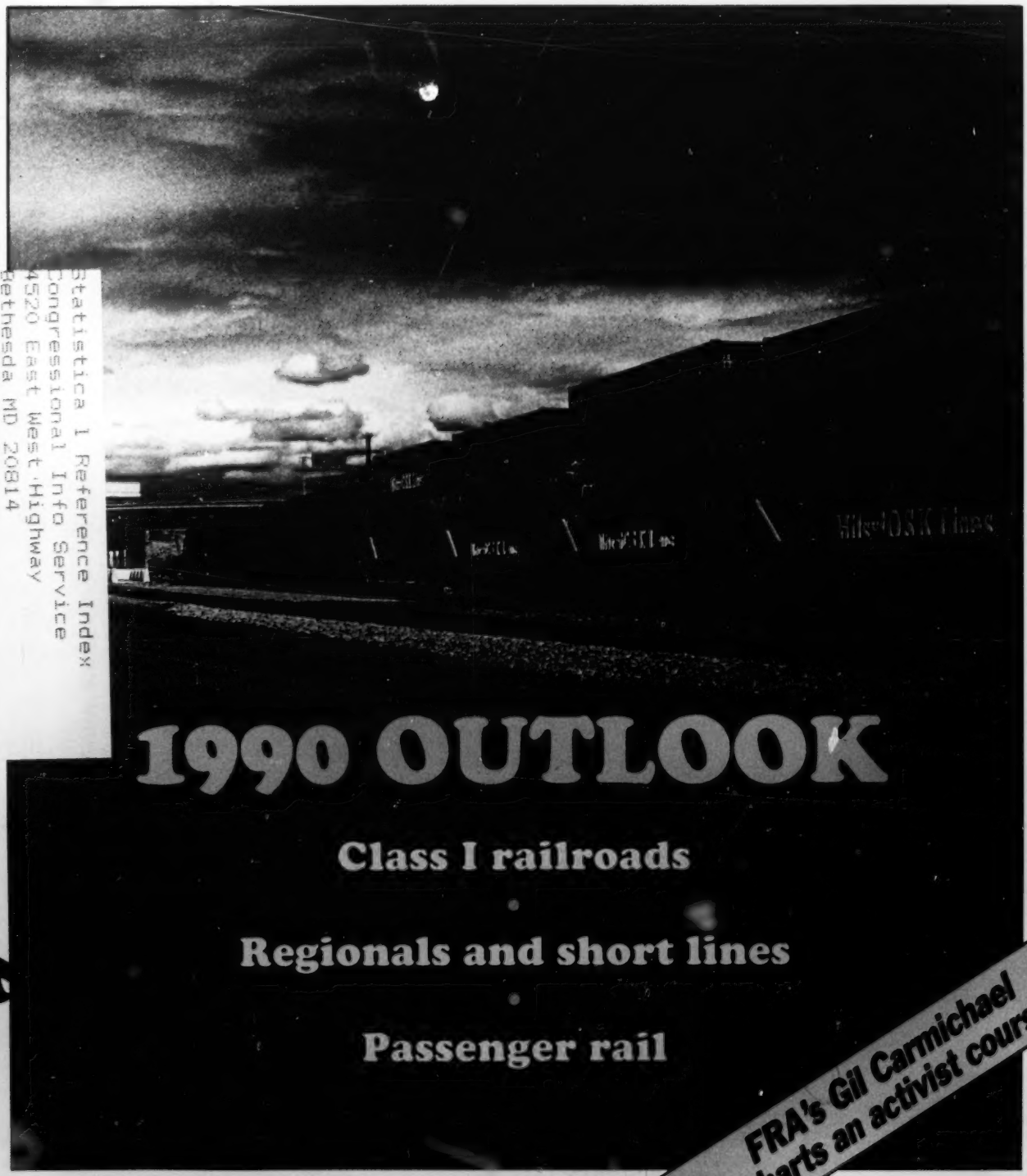
January 1990

Railway Age

...for the new age of railways and rail transit



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1990 OUTLOOK

Class I railroads

Regionals and short lines

Passenger rail

FRA's Gil Carmichael charts an activist course

January 1990

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Features

40 Gil Carmichael charts an activist course

An unabashed advocate of the rail mode, freight and passenger, FRA's administrator hopes his views will be reflected in the new National Transportation Policy.

44 Waste: How big a market?

Rail movement of solid waste is now estimated at one million tons annually. Experts believe that given the right service/equipment package, it can rise to 25 million tons.

1990 OUTLOOK

Class I capital budgets reflect optimism p. 24

Despite some troubling traffic trends, major railroads continue to budget for growth, not recession. Here's how eight of the Class I systems plan to invest more than $3.3 billion in 1990.

Regionals reveal 1990 improvement plans p. 28

Twenty-three of the largest regional and short line roads plan capital outlays this year of $146 million, up nearly 12% from '89 levels. Heaviest spending will be on track.

Passenger cars: A good market gets better p. 32

Cars valued at around $1 billion were either delivered to North American rail passenger agencies in 1989 or backlogged at yearend. Up to 868 more cars will be ordered this year.

Comment

4 Inside
10 Watching Washington
12 Lines on Labor
14 Equipment Financial Trends
54 Perspective

Departments

7 Industry Outlook
8 Market Outlook
10 Advertising Sales
46 People in the News
47 Products
48 Literature
49 100 Years Ago
53 Advertisers Index
54 Meetings

Cover: Southern Pacific in Yuma, Ariz. by Edward Delvers

Update

17 For rail intermodal, a Quantum jump
17 Longer highway rigs backed by CITL
17 Hub Group inaugurates trailer tracing by EDI
18 Conrail shifts senior managers, reduces workforce
18 Agreement reached on CSS&SB sale
21 Hand-held computers speed car inspection
21 Fort Worth opens multimodal airport
21 First Super Series GP59 goes to Norfolk Southern
22 TGV Atlantique clocked at 300 mph
22 Minnesota, Wisconsin to study maglev link
23 Montgomery County votes for light rail
23 DART acquires more rail right-of-way
23 Metro-North to buy new rolling stock

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INSIDE

What did (and didn't) happen in the '80s

LUTHER S. MILLER

The story of the Great Railroad Turnaround of the '80s has been told often; it's one that bears repeating in an industry that for so many years had little to cheer about. But it's important to remember exactly what was involved in that turnaround, and what wasn't.

What did not happen during the '80s was a great return of business to the railroads. Carloadings actually dropped, from 22.2 million in 1980 to 21.6 million in 1988 and a little less than that in 1989. Originated tonnage also declined, from 1.5 billion in 1980 to 1.4 billion in 1988. Revenue ton-miles did rise, from 919 billion in 1980 to close to one trillion in 1988 and very nearly that again in 1989, owing to larger cars and longer hauls. Nevertheless, rail traffic by any measure lagged the increase in industrial production during the decade; the railroad share of intercity tonnage dropped more than two percentage points, and the rail share of intercity ton-miles was down about half a point.

The financial side of railroading was a different story. Net income rose from a little over $1 billion to well over $2 billion, and cash flow more than doubled, from $2.4 billion to $5.2 billion—all during a time when revenue per ton-mile was actually dropping, in both current and constant dollars.

It was not new business but productivity that proved to be the passkey to profitability in the '80s. As AAR President William H. Dempsey recently reminded us, Class I roads following implementation of the Staggers Rail Act used their new freedoms to make unprecedented gains in productivity. Ton-miles per employee-hour increased 89%. Ton-miles per train-hour improved 45%. Average freight car trips per year rose from 15.8 to 21.5. Railroads were able to reduce the size of costly car and locomotive fleets and invest more capital dollars in track and technology.

Will '80s history repeat itself in the '90s? No way. In many areas railroads have now trimmed away most of the fat, and to cut further might get down to sinew and bone. This is particularly true of the rolling stock fleet; it's encouraging to be able to report that car and locomotive acquisitions are on the way up again (p. 24).

One area where there's still too much fat is the workforce. While employment dropped from 438,000 in 1980 to 235,900 in 1988, the cost of labor as a percentage of expenses dropped only slightly, from 49.1% to 46.5%. Improving that may be the second biggest challenge of the '90s.

The biggest challenge will be improving the other half of the operating ratio-revenues. As noted, new business hasn't been coming to the railroads, and in the end that's what really counts.

Two developments that could impact both sides of the operating ratio are reported in this issue; both involve the Santa Fe. In Lines on Labor (p. 22) Senior Editor Gus Welty describes a Santa Fe initiative that has jolted conventional wisdom right off the bargaining tables. A news story on p. 17 describes a traffic agreement between Santa Fe and a trucking company that has just as severely jolted conventional thinking on rail/truck relationships.

It's too early to say whether these bold initiatives will work. It is not too early to say that railroads must do *something* different if they intend to be more than also-rans in the '90s transportation race.

Railway Age
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MARKET OUTLOOK

Equipment

Bi-State Development Agency: Siemens Energy & Automation is the apparent low bidder, at $45,435,261, to supply 31 articulated cars for the St. Louis light rail system. Other bidders were ABB Traction, Sumitomo, and C. Itoh.

Burlington Northern: Ordered 100 sets of locomotive-condition monitoring equipment from Rockwell International. The monitoring system, data system, and radio ground stations are second-generation production configurations from the Rockwell Advanced Railroad Electronics System (ARES) which has been under test on BN since 1986. The contract calls for installation of radio base stations, onboard monitoring systems and onboard data systems which will send locomotive-condition data to three of BN's major locomotive maintenance shops. Deliveries will begin early this year, with the system scheduled to become operational by fall (*RA*, Oct. 1989, p. 33).

New York City Transit Authority: Awarded a $100-million contract to Morrison-Knudsen for the remanufacture of 140 R-44 subway cars and for procurement of major components for 140 additional R-44 cars to be remanufactured by NYCTA. Work will be performed at MK's Hornell, N.Y., facility; deliveries will begin in July 1990 and are to be completed by January 1992.

- Awarded separate contracts to Bombardier of Canada and NIAC/Kawasaki of Japan to build "new technology" prototype train sets incorporating technologically advanced subsystems. Under a $19.5-million contract, Bombardier will supply nine 67-foot cars for IND/BMT lines. NIAC/Kawasaki's $19.85-million contract calls for 10 51-foot cars for the IRT line. The new cars are to start 14 months of in-service testing in July 1992.

Union Pacific: Will equip 1,400 locomotives with Loco-Temp solid state cooling system controllers supplied by Technical Service and Marketing, Inc. (TSM) of Kansas City, Mo. The installations will take place over a 28-month delivery period. The work will be done at UP's North Little Rock, Ark., and Salt Lake City facilities.

Facilities

Canadian National: Dynamic Sciences Limited has installed a $3-million (Canadian) upgrade of training simulators and computer software at CN's Transportation Training Centre at Gimli, Man.

NJ Transit: Awarded a contract to Edwards and Kelcey to design the conversion of the present two-track Northeast Corridor line to four tracks between Bergen and Portal interlockings, a distance of nearly two miles. The project, which will involve about $160 million worth of construction, is part of the planned Secaucus Transfer Station/Allied Junction development in Secaucus, N.J. It will permit the stopping of NJ Transit trains at the transfer station.

Norfolk Southern: Plans to construct a $100 million coal storage facility on 1,500 acres that it has optioned in Isle of Wight County, Va., subject to obtaining a requested rezoning of the property and necessary government permits.

Revenue freight carloadings

Commodity	Dec. 16 week	Dec. 9 week	Dec. 2 week	Nov. 25 week	Nov. 18 week
Grain	31,095	33,714	33,850	28,076	32,766
Other farm products	2,348	2,654	2,744	1,819	2,056
Metallic ores	20,198	18,522	20,244	18,323	18,920
Coal	125,099	135,684	131,328	105,741	136,058
Crushed stone, gravel and sand	10,725	13,844	14,135	9,879	15,903
Nonmetallic minerals	9,253	8,758	9,810	7,545	10,489
Grain mill products	10,259	10,220	10,528	8,980	10,137
Food and kindred products	9,268	9,260	9,586	7,234	9,282
Primary forest products	9,047	9,310	9,250	6,356	9,460
Lumber and wood products	6,103	6,018	6,925	4,788	6,243
Pulp, paper and allied products	10,068	9,737	11,064	9,505	9,567
Chemicals and allied products	26,282	27,765	29,821	22,178	27,309
Petroleum products	5,176	5,233	5,363	4,312	4,890
Stone, clay and glass products	8,508	9,711	10,343	8,142	10,286
Coke	5,577	5,492	6,149	4,744	5,410
Metals and products	8,488	8,552	9,646	7,408	8,883
Motor vehicles and equipment	18,829	19,756	19,616	13,112	18,497
Waste and scrap materials	8,827	8,462	8,477	5,756	8,608
All other carloads	6,223	6,086	6,043	4,747	7,179
Total Cars Loaded	**330,833**	**348,778**	**354,922**	**276,645**	**351,943**
% change from previous year	(3.5)	(2.6)	(.5)	(1.9)	(1.5)

		% change
Cumulative total: 50 weeks	16,740,948	(1.3)

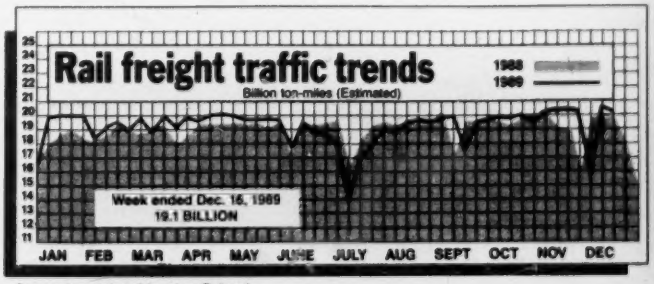
Estimated revenue ton-miles (billions)	19.1	20.3	20.7	15.9	20.2
% change from previous year	(3.5)	(1.0)	.5	(.6)	(.5)

Total:	**1989**	**1988**	**% change**
50 weeks	963.9	966.8	(.3)

Intermodal traffic

	Dec. 16	Dec. 9	Dec. 2	Nov. 25	Nov. 18
Trailers	71,953	73,866	72,339	52,964	71,277
Containers	53,506	50,011	50,465	40,263	52,748
Total	**125,459**	**123,877**	**122,804**	**93,227**	**124,025**
% change from previous year	8.8	3.5	4.9	(.1)	4.5

		% change
Cumulative total: 50 weeks	5,757,277	3.2


Rail freight traffic trends
Billion ton-miles (Estimated)
1988
1989
Week ended Dec. 16, 1989
19.1 BILLION
JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC

Source: Association of American Railroads

INVESTING FOR GROWTH

Capital budgets reflect optimism

A late '89 business slump underscored the need for continued emphasis on cost control, but most 1990 Class I capital budgets reflect long-term optimism for traffic growth.

By LUTHER S. MILLER, Editor

With traffic declining, and with all signs pointing to a continuing slump in such key commodities as motor vehicles and housing materials through at least the early months of 1990, the railroads late in 1989 were looking for new ways to control costs and to protect already thin profit margins.

But a *Railway Age* survey in December suggested that the late-1989 business downturn was not appreciably affecting railroad capital improvement budgets for 1990. Indeed, a number of railroads plan to increase their capital outlays this year, and those with lower budgets have reasons other than business levels for cutting back. Most railroads, in fact, seem optimistic that the present downturn will be short-lived, and they're continuing to budget not for recession but for growth.

Eight railroad systems representing 85.5% of all Class I mileage told *Railway Age* that they plan to invest $3.34 billion in capital projects in 1990. These same railroads estimate that they spent $3.73 billion on improvements in 1989. But the 1990 decline may be more apparent than real. In some cases—Conrail and Union Pacific, for example—1990 outlays will be lower only because 1989's were unusually high. In other cases, capital budgets are lower because more and more equipment is being acquired through lease. On most roads, budgets for track and structures, which are not affected by leasing, are being increased. When leases are factored in, the rolling stock market also shows strength.

Deliveries of both freight cars and locomotives rose sharply in 1989, and 1990 is shaping up as an equally strong year. Fourth quarter 1989 totals won't be available until February. But in last year's first nine months, 21,945 new cars were delivered compared with 14,765 in the corresponding 1988 period. Orders for new cars in last year's first three quarters totaled 22,806, up from 20,928 in the 1988 period. On Oct. 1, 1989, builders had a backlog of 15,694 cars, compared with 16,283 on Oct. 1, 1988. These levels of business were consistent with earlier forecasts that 28,000 to 30,000 new cars would be delivered last year, with orders gradually rising in ensuing years to the 35,000-40,000 car level.

One major carbuilder expects 30,000 to 32,000 new cars to be delivered in 1990.

As for locomotives, 550 new and rebuilt units were delivered in last year's first nine months, more than double the 264 units placed in service during the same 1988 period. The locomotive backlog on Oct. 1 was 74, compared with 73 one year earlier.

In actual numbers locomotive ownership dropped last year, to 19,767 units on Oct. 1, compared with 19,984 on Oct. 1, 1988. But cumulative horsepower rose to 50,447,110 last year from 50,388,800 in 1988.

As noted, many new freight cars—and increasingly, many new locomotives—do not appear in railroad capital improvement budgets, because they are acquired through various types of leases. Also not reflected in railroad capital programs are the large numbers of cars acquired by shippers and by such non-railroad fleet owners as Trailer Train. For example, Trailer Train last year invested a record $285 million in new equipment; and in October, the TT board approved a $149 million advance on a 1990 program to cover the purchase of 1,500 double-stack wells and 2,800 platforms for articulated intermodal cars.

"Over the next five years," said TT President Raymond C. Burton, "our new car purchases may well approach $1 billion as we endeavor to size our fleet for growth and modernization, while at the same time we continue to retire older cars no longer suitable for the larger trailer and container sizes that the rail industry must handle."

Following is a road-by-road survey of capital improvement programs as reported to *Railway Age* in December:

—Atchison, Topeka & Santa Fe: Santa Fe plans to invest $305.0 million in capital improvements in 1990, up from an estimated $264.2 million in 1989. M/w outlays will rise to $119.775 million this year from $96.6 million in 1989. C&S expenditures will total around $19.0 million, compared with $7.5 million last year. No direct outlays are planned for freight cars, although Santa Fe will be acquiring double-stack and articulated intermodal cars through lease arrangements. Santa Fe does plan to spend $4.5 million on car rebuilds this year, up from $3.0 million in 1989. Santa Fe will increase its budget for new locomotives, to $57.5 million this year (40 units) from $50.88 million in 1989. ATSF will also

Capital improvement outlays*
(millions)

System	Projected 1990	Estimated 1989
Santa Fe	$305.0	$264.2
Burlington Northern	480.0+	480.0
Conrail	400.0	680.0
CSX Rail	542.0	510.0
Illinois Central	40.6	16.5
Norfolk Southern	683.0	695.9
Southern Pacific Co.	305.0	372.0
Union Pacific	585.0	708.0
Totals	**$3,340.6**	**$3,726.6**

* Does not include leased equipment. See text.

A westbound train of American President Companies double-stacks moves out of Union Pacific's Bailey Yard at North Platte, Neb. Gary J. Benson

acquire 60 GE locomotives on a power-by-the-mile lease. The railroad also plans to rebuild 40 locomotives this year at an estimated cost of $16.0 million; no rebuilds were on last year's budget. Santa Fe plans to invest a total of $88.2 million on other capital projects, compared with $106.2 million last year. The "other" category this year will include $33.0 million for motor vehicle loading/unloading facilities and TOFC facility improvements. In the track area, Santa Fe this year will relay 165 miles of rail, insert one million new ties, rebuild 128 bridges, and resurface approximately 3,100 miles of track.

—Burlington Northern. BN plans capital spending this year at slightly above last year's level, which was approximately $480 million. The railroad was not able in December to supply a breakdown but did say that it planned to add 50 high-horsepower locomotives to its fleet this year. BN will also maintain its medium horsepower locomotive remanufacture program. The main emphasis in car acquisitions will be on multi-levels and coal hoppers. BN's major track outlay will be for installation of 700,000 concrete ties. BN acknowledged that its capital expenditures "are low by industry and historical standards." This is made possible, said BN, by "innovative track maintenance processes and improved equipment utilization."

—Conrail. CR's 1990 capital budget will be around $400 million, compared with actual expenditures in 1989 estimated at $680 million, but the apparent sharp decline is more an accident of the calendar than anything else. "The 1989 program," said a Conrail spokesman, "was about $170 million more than planned, because Conrail was able to take advantage of several short term, high rate of return opportunities that developed during the year." Leading 1989 expenditures was $278 million for track rehabilitation, followed by $230 million on rolling stock and transportation equipment, and $172 million on such other items as C&S projects, bridges and tunnels, computers, and telecommunications.

Conrail said its 1990 program "targets projects which further reduce costs, have the potential to increase revenue, and provide a higher rate of return. Among the specific projects planned are the continuing modernization of intermodal and automotive terminals, the acquisition of new transportation equipment, including new locomotives and automotive racks, increased clearances on key routes, and a normal program of tie and rail replacement."

—CSX Rail Transport. CSX, which spent $510 million on capital projects in 1989, plans to increase its budget this year to $542 million. CSX plans to spend $52 million on freight car rebuilds, compared with $65 million in 1989; $212 million on m/w, compared with $214 million last year; $30 million on C&S, up slightly from last year's $29 million; and $248 million on other projects, up from $202 million in 1989. In addition to these direct capital outlays, CSX will acquire equipment valued at $156 million through leases—new freight

Intermodal continues to be the growth area of railroading, and most 1990 capital improvement budgets contain substantial sums for improved terminal facilities. On Dec. 1, 1989, Burlington Northern moved its one-millionth shipment of the year. The millionth load was a container shipped by Carolina Freight from Chicago, part of the BN America Domestic Container Program.

cars, $33 million; rebuilt cars, $81 million; and rebuilt locomotives, $42 million. Last year, in addition to $510 million in capital expenditures, CSX acquired another $510 million of leased equipment—freight cars, $177 million; rebuilt cars, $186 million; new locomotives, $129 million; and rebuilt locomotives, $18 million.

CSX offered these comments on its 1990 programs: There will be continued emphasis on SD-40-2 locomotive rebuilding and on the slug program; new cars will be mostly auto racks; the car repair program will be led by open-top hoppers, covered hoppers, boxcars, gondolas, and woodchip cars; centralized dispatching will be expanded system wide and work will continue on an ATCS (Advanced Train Control System); there will be heavy emphasis on marketing projects, including a number of auto ramp construction/expansion projects (Atlanta, Smyrna, Tenn.; Tampa, Fla.; Jessup, Md. near Baltimore; and New Boston near Detroit); and continued investment in BIDS (Bulk Intermodal Distribution Services) terminals.

—Illinois Central. Owing primarily to a 480-mile ctc, single-track project between Chicago and New Orleans, IC will substantially increase its capital program, to $40.649 million this year from $16.498 million in 1989. M/w expenditures in 1990 will amount to $30.532 million, up from $13.244 million in 1989; C&S spending will rise to $10.117 million from $2.167 million. IC said the Chicago-New Orleans project accounts for 95% of the 1990 signal capital program and for most of the increased budget for m/w materials.

—Norfolk Southern. NS's 1990 capital budget, $683.0 million, is just slightly under the $695.9 million budgeted for 1989. NS this year has budgeted $71.3 million for new freight cars (primarily 1,000 new open top hoppers), compared with $72.3 million in 1989; and $56.8 million for car rebuilds (including 2,500 open top hoppers), compared with $62.7 million in 1989. NS plans to spend $73.6 million on 54 new locomotives in 1990, compared with $75.3 million in 1989. M/w outlays in 1990 are estimated at $271.2 million, up from $253.9 million in 1989; and C&S outlays at $21.4 million, down slightly from last year's $25.1 million. For other capital projects, NS has earmarked $188.7 million in 1990, compared with $206.6 million in 1989.

—Southern Pacific. SP has budgeted $305 million for capital improvements in 1990, plus $153 million in lease acquisitions. Last year SP's $372 million capital program was augmented by $26 million in leased equipment. SP will acquire 50 new locomotives this year; it also acquired 50 in 1989. A major rolling stock program in 1990 calls for acquisition of 400 100-ton open top hoppers, 350 100-ton covered hoppers for cement haulage, 160 double-stack container cars, 160 52-foot covered coil steel gondola cars, 150 65-foot plain gondolas, 100 100-ton 60-foot newsprint cars, and 50 open coil gondolas. SP will also acquire 13 ramp tractors this year. This compares with 1989 acquisitions of 80 double-stack cars and 38 ramp tractors.

Major fixed-plant outlays in 1990 will include $211 million for rails, ties and ballast; $22 million for computer technology upgrade; and $23 million for expansion of the Intermodal Container Transfer Facility at Long Beach. A total of $28.0 million has been earmarked for rails, ties, and ballast for Denver & Rio Grande Western.

—Union Pacific. UP anticipates capital outlays totaling $585.0 million in 1990, down from an estimated $708.0 million in 1989. UP will spend $10.7 million for new cars, including 316 auto racks, down from last year's $22.7 million program, which included 755 auto racks. UP plans to acquire 50 new locomotives this year for $77.5 million; last year UP invested $196.5 million in 152 new diesel-electric units. M/w spending will rise to $261.8 million this year from 1989's $254.0 million; C&S expenditures will rise to $32.3 million this year, compared with $19.9 million in 1989; and other projects, mainly roadway, will cost $206.0 million this year, up from $193.5 million in 1989.

UP said this year's outlays will include $15 million to install the work order function of ATCS on through and local freight trains; $12.5 million for capacity improvements on the Marysville Subdivision between North Platte and Kansas City; and $10.1 million for construction of an intermodal facility in Laredo, Tex.

—In Canada. North of the border the picture is much the same. Although both Canadian National and Canadian Pacific experienced disappointing traffic levels in 1989, and expect only slight improvement in 1990, they are planning no cutbacks in capital outlays. CN, which invested around $340 million (Canadian) in 1989, says it plans to maintain approximately the same level of spending in 1990. About 45% of CN's spending will be for roadway. Continued work on ATCS is also budgeted. CP also plans to maintain 1990 spending at 1989 levels though it was unable late in December to provide a dollar estimate. ■

Most of Montana Rail Link's $10 million capital budget will go for continuous welded rail, ties, surfacing, and bridge deck rebuilding.

Regionals hike spending

Twenty-three large regionals and short lines, totaling 13,000 route miles, plan to invest $145.8 million in capital improvements this year, with heaviest emphasis on roadway.

By FRANK MALONE,
Contributing Editor

In some ways, last year could have been much better for the regional railroad movement in general. Because the Supreme Court failed to clearly resolve the issue of labor protection for employees of lines to be spun off by major carriers, no significant new spinoffs took place. And, because Congress failed to provide federal loan guarantees for track rehabilitation, new equipment, and debt refinancing, some recent spinoffs continue to invest less than needed.

In other ways, it wasn't a bad year at all, as most regionals not only performed well but continued to make impressive capital improvements. This year, capital spending generally will be even higher, according to the plans (as of Dec. 26, 1989) of 23 of the 28 largest regional and short line carriers.

Improvement already seems to be paying off. A 1989 bright spot was a report by the ICC's transportation analysis office that 493 shippers using new short line and regional railroads "overwhelmingly" considered their service as good as or better than that provided previously by larger carriers.

The report included 14 regionals, defined as operating at least 350 miles, and 163 short lines. *Railway Age*'s 1990 capital spending survey includes 16 regionals according to the ICC definition, ranging from the 2,002-mile Wisconsin Central to the 350-mile Providence & Worcester, and 7 of the largest short lines, ranging from the 309-mile Paducah & Louisville (*RA*, Nov., p. 40) to the 208-mile Fox River Valley. The mileage figures are for total *route* operated rather than *track* owned, and include trackage rights. This survey includes older regionals and the regionals and short lines resulting from recent spinoffs by Class I carriers.

For 1990, these railroads plan to make capital improvements valued at more than $145.8 million, compared with about

$129.7 million in 1989, an increase of about 12%. Again this year, the lion's share will go into roadway. More than one million new crossties will be installed, of which 235,000 are set for the MidSouth system alone.

Ten carriers expect to invest more this year, including three of the four largest, all recent spinoffs, whose combined spending will total about $56.8 million. Chicago Central sees the largest increase, 193%, and the largest capital budget of all, including a major car acquisition. "We're encouraged that business conditions let us put that kind of money back into the railroad," says Lyle D. Reed, president and chief operating officer.

Also this year, MidSouth's capital investment will be up about 46% and Wisconsin Central's will be about 40% higher.

Seeing the largest decrease, 41%, is Montana Rail Link, the seventh largest new regional, but that decrease reflects reduced need. "We did quite a lot of catch-up work the first two years, and now we're in more of a normal cycle," says William H. Brodsky, president.

Also looking at a large decrease, 16%, is the third largest new regional, Dakota, Minnesota & Eastern. Struggling with a heavy debt load, the carrier had hoped to take advantage of federal loan guarantees this year, to free up at least $2 million for capital improvements.

Other carriers seeing less investment cite 1989 equipment acquisition that isn't being repeated, or completion of major track rehabilitation projects.

Among regionals and major short lines for which no 1990 spending plans are available is the Chicago, Misouri & Western, whose Chicago-St. Louis line was sold to Southern Pacific and whose St. Louis-Kansas City route was to be sold by year's end. The 430-mile New York, Susquehanna & Western was still planning its 1990 budget at press time (1989 capital spending was a projected $9.1 million).

Two Michigan carriers, the 380-mile Detroit & Mackinac and the 200-mile Central Michigan, did not expect to complete capital planning until early 1990, while a third, Escanaba & Lake Superior, declined to reveal figures because it is privately held, as did the 420-mile Kyle Railroad (most other regionals and short lines are not publicly owned).

—Wisconsin Central. In most cases, however, regional and short line presidents were not only willing but eager to discuss their plans for 1990, starting with Edward A. Burkhardt, Wisconsin Central president, who sees his railroad as strong enough financially to acquire more track when the opportunity presents itself. "We could finance a large transaction," he says.

That's not expected to happen this year, however, as the 2,002-mile operator of mostly ex-Soo Line track sees capital spending of $14 million, up $4 million from the 1989 total.

WC's 1990 program includes installation of 99,000 new and 34,000 used crossties, 157,000 tons of ballast, five miles of cwr, extensive rail and switch grinding, and heavy repair of 352 cars.

—MidSouth. Operating 1,150 miles of mostly ex-Illinois Central Gulf track in Mississippi, Louisiana, and Alabama, the MidSouth system sees 1990 capital spending of more than $19 million, compared with $13 million last year. Of that, $12 million will go for the first year of a five-year, $37-million rehabilitation of the 713-mile SouthRail segment, and the rest will go into the 418-mile MidSouth segment. No capital improvement is set for the MidLouisiana segment.

SouthRail will receive 185,000 new ties and 900 cars of ballast, along with rehabilitation of four yards. MidSouth will receive 50,000 new ties, 700 cars of ballast, and the first phase of a 73-mile cwr project.

—Springfield Terminal. Including its 346-mile Maine Central and 653-mile Boston & Maine segments, Springfield Terminal Railway Co., a Guilford Transportation Industries subsidiary, sees 1990 capital spending totaling $23 million, the same as for last year, but with a shift to locomotive overhauls. The 1989 plan included installation of 100,000 new crossties and other track work resulting in removal of more than 100 miles of slow orders.

—Dakota, Minnesota & Eastern. Operating 965 miles of former Chicago & North Western track through southern Minnesota and central South Dakota, Dakota, Minnesota & Eastern sees 1990 capital outlays of $7.5 million, compared with $9 million in 1989. This year's plan includes 80,000 new ties, 100,000 tons of ballast, strengthening of 13 steel bridges at west end to handle new betonite clay traffic from northeastern Wyoming, and acquisition of nine used locomotives.

—Chicago, Central & Pacific. Operating 797 miles of mostly ex-ICG track between Chicago and Omaha, Chicago, Central & Pacific expects 1990 capital spending to total $23.8 million, compared with about $8 million last year. The railroad will complete rehabilitation of a 100-mile segment in western Iowa (phase III of a project started in 1988) and realign track and yard at Dubuque, Iowa because of a highway project. These and general capital projects will involve 95,000 new crossties. What's more, CCP will acquire 220 new coal cars, with a supplier to be chosen in early 1990.

—Red River Valley & Western. Red River Valley & Western, operating 667 miles of ex-BN track in North Dakota and northern Minnesota, sees 1990 capital spending at "just over $1 million," about the same as for 1989. The plan includes 9,000 new ties, up to six miles of used rail, 50 to 60 miles of surfacing, and some m/w equipment.

—Iowa Interstate. Operating 662 miles of ex-Rock Island track between Chicago and Omaha, Iowa Interstate sees 1990 capital outlays totaling $1.5 million, compared with about $2.0 million last year, which included sizable equipment spending. This year's plan includes completion of a Chicago intermodal yard and 25 miles of track improvement at the railroad's west end involving 32,782 new crossties and 2,811 tons of ballast. With completion of the 1990 work, the entire main line will have been restored to 40 mph operation.

—Montana Rail Link. Operating 650 miles of ex-BN track in Montana, Idaho, and Washington, Montana Rail Link sees 1990 capital outlays of $10 million, compared with $17 million last year. This year's plan includes eight miles of new and 10 miles of used 132 pound cwr, 60,000 new ties, 220 miles of surfacing, and a large amount of bridge deck rebuilding.

—Tuscola & Saginaw Bay. As Michigan's designated operator of 550 miles of track with various previous owners, Tuscola & Saginaw Bay looks forward to capital investment of at least $4.4 million, with more likely to be announced, in a continuation of the strong pace of track rehabilitation started in 1988.

—Alaska Railroad. The 530-mile Alaska Railroad sees 1990 capital spending of $11.9 million, compared with $11.8 million last year. This year's program includes $4.5 million for maintenance of way.

—Indiana Hi-Rail. With 441 route miles, mostly ex-Norfolk Southern, Indiana Hi-Rail sees 1990 capital improvements totaling $3.1 million, compared with $2.6 million last year. The 1990 plan includes 30,000 new crossties. The railroad expects to acquire at least 60 more miles of route this year.

—Bangor & Aroostook. Operating 436 miles in Maine, Bangor & Aroostook will invest $2.9 million in capital improvements

Regional and short line capital outlays

	Miles of route	1990 capital	1989 capital
1. Wisconsin Central	2,002	$14.0	$10.0
2. MidSouth (MidSouth, MidLouisiana, SouthRail)	1,150	$19.0	$13.0
3. Springfield Terminal (Boston & Maine, Maine Cen.)	999	$23.0	$23.0
4. Dakota, Minnesota & Eastern	965	$7.5	$9.0
5. Chicago Central & Pacific	797	$23.8	$8.0
6. Red River Valley & Western	667	$1.0	$1.0
7. Iowa Interstate	662	$1.5	$2.0
8. Montana Rail Link	650	$10.0	$17.0
9. Tuscola & Saginaw Bay	550	$4.4+	$5.0
10. Alaska Railroad	530	$11.9	$11.8
11. Indiana Hi-Rail	441	$3.1	$2.6
12. Bangor & Aroostook	436	$2.9	$4.5
13. Washington Central	400	$1.5*	$2.0
14. Wisconsin & Calumet	380	$1.9	$1.5
15. Baltimore & Pittsburgh	369	$1.6	$1.8
16. Providence & Worcester	350	$4.4	$2.8
17. Paducah & Louisville	309	$4.6	$5.7
18. Farmrail	275	$0.4	$0.4
19. Green Bay & Western	254	$0.9	0
20. Indiana Rail Road	250	$1.5	$1.0
21. Columbus & Greenville	230	$1.2	$2.0
22. Kiamichi Railroad	230	$1.7	$1.6
23. Fox River Valley	208	$4.0	$4.0
	13,104	$145.8	$129.7

Not available: New York, Susquehanna & Western, 430 miles; Kyle Railroad, 420 miles; Detroit & Mackinac, 380; Escanaba & Lake Superior, 318; Central Michigan, 200.

*Includes capital *and* maintenance.

this year, compared with $4.5 million in 1989, which included a sizable equipment addition. This year's plan includes 26,000 new ties, compared with 12,000 last year, 22,500 tons of ballast, and significant rail replacement.

—Washington Central. With 400 miles of ex-Burlington Northern route, Washington Central will spend about $1.5 million this year, capital and maintenance combined, virtually all for roadway. WC's 1989 spending totaled about $2 million.

—Wisconsin & Calumet. Operating 380 miles of mostly ex-Milwaukee Road route across southern Wisconsin and into Illinois, Wisconsin & Calumet sees a 1990 capital budget of $1.9 million, all for roadway improvement, compared with a 1989 total of $1.5 million. This year's plan, aided by state funds, includes more than 35,000 new crossties for a west end project and an undetermined number for a southeast end project.

—Baltimore & Pittsburgh. Operating 369 miles of ex-CSX Transportation track, the 369-mile Baltimore & Pittsburgh plans capital projects worth $1.6 million this year, all for roadway, compared with $1.8 million in 1989. The 1990 work includes 20,000 new ties and 40,000 tons of ballast. Last year's investment focused on locomotives.

—Providence & Worcester. The 350-mile Providence & Worcester plans 1990 capital spending totaling $4.4 million, compared with $2.8 million last year. Planned is relocation of corporate headquarters to Worcester, Mass., from Woonsocket, R.I.; rehabilitation of a four-mile Port of Providence branch; a new one-mile runaround track for double stacks; and two locomotive rebuilds.

—Paducah & Louisville. Operating 309 miles of ex-ICG track, Paducah & Louisville sees 1990 capital spending of $4.6 million, compared with $5.7 million last year, which included car acquisition. This year, P&L will invest $3.4 million in track, including 6 miles of relay rail, 58,000 new ties, 31,000 tons of ballast.

—Farmrail System, Inc. Operating 275 miles of former BN track mainly in Oklahoma, Farmrail System sees 1990 capital spending of $400,000, the same as in 1989. This year's plan includes up to 12,000 new crossties, increased lining and surfacing, increased bridge work, a new locomotive servicing facility, and an improved radio system.

—Green Bay & Western. Running across central Wisconsin, the 254-mile Green Bay & Western sees 1990 capital outlays of about $900,000. A sizable increase over the 1989 level, it's largely related to the start of a major bridge rehabilitation that will take up to four years.

—Indiana Rail Road. Operating 250 miles of largely ex-ICG track in central Indiana and Illinois, Indiana Rail Road will invest about $1.5 in 1990 capital projects, for a good gain over last year. Planned is installation of 20,000 new ties, and about 20,000 tons of ballast, along with about five miles of rail replacement and bridge timber replacement. Outlays will increase if the railroad decides to acquire coal and grain cars.

—Columbus & Greenville. Operating 230 miles across central Mississippi, Columbus & Greenville sees 1990 capital spending totaling $1.2 million, compared with $2.0 million last year. This year's program includes 26,000 new ties, 50 miles of surfacing with 20,000 tons of ballast, and about 70 miles of rail anchoring, after completion last year of a $2 million rehabilitation of the Moorhead-West Point segment involving 38,000 new ties and 100 miles of surfacing with 95,000 tons of ballast.

—Kiamichi Railroad. Operating 230 miles of ex-BN track in Arkansas, Texas, and Oklahoma, the Kiamichi Railroad sees this year's capital spending totaling $1.5 million to $1.75 million, compared with $1.6 million last year. The plan includes 30,000 new ties, and acquisition of seven used locomotives, two slugs, and probably some used cars.

—Fox River Valley. Operating 208 miles of former C&NW route in eastern Wisconsin, Fox River Valley sees 1990 capital outlays of $4 million, about the same as for 1989, the first full year of operation. The 1990 plan includes 50,000 new ties and 50 miles of surfacing.

As revealed in this survey, the plans of regionals and major short lines reflect a widespread recognition of infrastructure's importance to survival. Another key, however, is ability to handle debt, which in some cases remains questionable. Seeing regionals as generally in good shape, the president of one says: "Those that were operational disasters have basically been culled out. You have another set of railroads that operationally are okay but they're carrying so much debt that they're still going to have problems and are going to be quite unhealthy.

"They may be proclaimed as failures, and in a way they are from the standpoint of people who put up the money because they're going to lose a lot of it. But these carriers can remain operating railroads, and with a lower level of debt they could be considered successes. The next buyers will come along and have a good deal." ■

Bombardier last year delivered 98 intercity cars like this one to Amtrak; six more are to come this year. By the mid-'90s Amtrak hopes to place orders for nearly 500 new-generation cars for use on busy eastern lines. Bombardier

Passenger railcars: Good times get better

Cars delivered last year to passenger-train operators, plus the end-of-year backlog, represented a market of around $1 billion. More growth is in prospect during the 1990s.

If activity in the railcar market is a reliable barometer, the transit business climate at the beginning of 1990 can be described as generally sunny, with even better weather ahead.

Carbuilders last year supplied North American passenger rail operators with 547 cars of all types, and they entered 1990 with a backlog of 554 cars on order and undelivered—altogether, around $1 billion worth of business, according to *Railway Age*'s annual survey.

The operating agencies told *Railway Age* that they plan to place orders during 1990 for an additional 789 to 868 cars; and they foresee orders for up to 2,800 more cars during the following five years, 1991-1995.

• All this and more. Those figures are probably conservative. Not included in the long range outlook, for example, are the cars Dallas Area Rapid Transit (DART) will need for the 66 miles of light rail and 34 miles of commuter rail now planned; or the commuter cars Seattle will need if plans mature for a 32-mile line linking downtown Seattle with Puyallup; and the equipment that will be needed by numerous other light rail and commuter projects in various planning stages.

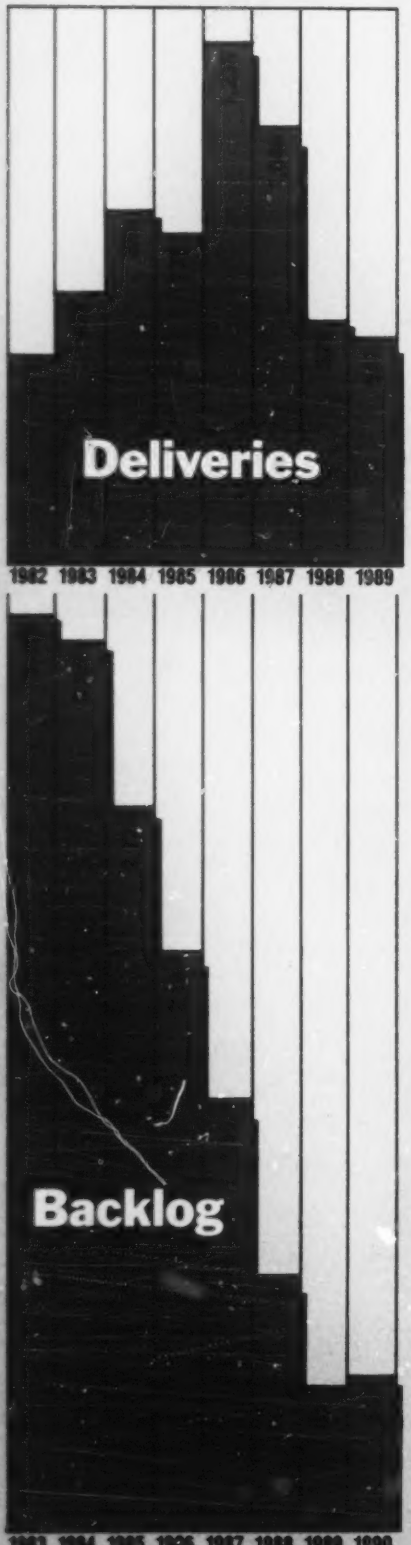
A brisk rebuild market further brightens the picture. The New York City Transit Authority late in 1989 awarded a $100-million contract to Morrison-Knudsen for the remanufacture of 140 subway cars and the procurement of components for rebuilding another 140 cars. This is part of a massive, multi-year rebuilding program involving 2,000 New York cars and budgeted at nearly $2 billion. Now in its final stages, the program calls for a total of 652 rebuilds in 1990 and 534 in 1991. NJ Transit will spend $178.5 million to overhaul 230 Arrow III commuter cars and convert them to a.c. propulsion; an initial contract has been awarded to ABB Traction. Chicago Transit Authority has contracted with New York Rail Car Corp. to rebuild 132 cars at a cost of $32 million.

Rebuilding can lead to bigger things, as Morrison-Knudsen recently demonstrated. Late last year M-K was ready to set up shop as a new-car builder, having emerged as the apparent low bidder, at $190 million, on an order for 232 new Chicago Transit Authority cars.

When orders for APMs (automated people movers) are added in, the market looks better still. The major players in this increasingly busy field are UTDC, which built Vancouver's SkyTrain system and has now been awarded a contract to expand it; Matra of France, which has built an APM in Jacksonville, Fla., and is building a bigger one at Chicago's O'Hare International Airport; and AEG Westinghouse Transportation Systems, whose latest big contract is for a people mover system serving the various terminals at New York's JFK International Airport. AEG Westinghouse also built Miami's successful downtown people mover and will soon expand it.

• New-tech cars for New York. Any way you look at it, the passenger railcar picture is a bright one—brighter, in fact, than a cursory glance at the charts accompanying our "Market at a Glance" tabulation might indicate. These charts show a falling off of business in recent years, but

Passenger-car market at a glance



These cars were delivered in 1989:

Purchaser	No. of cars	Type	Builder
Amtrak	98	Intercity	Bombardier
Boston (MBTA)	56	Commuter	Bombardier
	6	Rapid transit	UTDC, Inc.
Los Angeles (LACTC)	26	Light rail	Nippon-Sharyo
Montreal	24	Commuter	Bombardier
New Orleans (RTA)	1	Light rail	MMTS
New York (NYCTA)	110	Rapid transit	Nissho Iwai American Corp.
San Diego (MTDB)	25	Light rail	Siemens-Duewag
San Francisco (BART)	91	Rapid transit	Soferval
Toronto (GO Transit)	18	Commuter	UTDC, Inc.
	(est.) 44	Commuter	UTDC, Inc.
Toronto (TTC)	34	Rapid transit	UTDC, Inc.
	14	Light rail	UTDC, Inc.
Total	**547**		

Plus: Amtrak—10 mail/baggage cars (Thrall)

Work goes forward on this undelivered backlog:

Purchaser	No. of cars	Type	Builder
Amtrak	6	Intercity	Bombardier
Baltimore (MTA)	35	Light rail	ABB Traction
Boston (MBTA)	75	Commuter	Kawasaki Rail
	51	Commuter	Bombardier
Los Angeles (LACTC)	26	Light rail	Nippon-Sharyo
Los Angeles (SCRTD)	30	Rapid transit	Breda
NJ Transit Rail Operations	50	Commuter	Bombardier
New York (NYCTA)	10	Rapid Transit	NIAC/Kawasaki
	9	Rapid Transit	Bombardier
New York (LIRR)	10	Prototype bi-level commuter	Mitsui/Tokyo Car
Philadelphia (SEPTA)	26	Rapid transit	ABB Traction
Sacramento	10	Light rail	Siemens-Duewag
San Diego (MTDB)	16	Light rail	Siemens-Duewag
San Francisco (BART)	14	Rapid transit	Soferval
St. Louis (Bi-State)	31	Light rail	Siemens Energy Automation
Toronto (GO Transit)	83	Commuter	UTDC, Inc.
Toronto (TTC)	2	Rapid transit	UTDC, Inc.
Washington (WMATA)	68	Rapid transit	Breda
Total	**554**		

Plus: Amtrak—60 mail/baggage cars (Thrall)

Orders likely to develop in 1990:

Purchaser	No. of cars	Type
Baltimore (MARC)	25	Commuter
Boston (MBTA)	70	Commuter
	86	Rapid transit
Chicago (CTA)	256	Rapid transit
Los Angeles (LACTC)	22-32	Rapid transit
	40	Commuter
Los Angeles (SCRTD)	42*	Rapid transit
Maryland (Montgomery Co. DOT)	8	Light rail
NJ Transit Rail Operations	0-25	Commuter
New York (Metro-North)	58	Commuter
Northern Indiana (NICTD)	14	Commuter
San Francisco (MUNI)	50	Light rail
Toronto (TTC)	88-124	Rapid transit
Virginia, northern (NVTC)	38	Commuter
Total	**789-868**	

*Would be purchased by exercise of option with Breda.

Plus: Boston (MBTA) 15 locomotives
Los Angeles (LACTC) 10 diesel locomotives

The five year (1991-1995) outlook:

Purchaser	No. of cars	Type
Amtrak	462	Intercity
Baltimore (MTA)	0-20	Light rail
Baltimore (MARC)	15-50	Commuter
Boston (MBTA)	75-100	Light rail
	69-130	Rapid transit
Buffalo (NFTA)	8-10	Light rail
Chicago (CTA)	0-118	Rapid transit
Chicago (Metra)	150-173	Commuter
Los Angeles (LACTC)	0-12	Rapid transit
	40	Commuter
	0-30	Light rail
Los Angeles (SCRTD)	0-42**	Rapid transit
New Orleans (RTA)	0-4	Light rail
New York (NYCTA)	320-460	Rapid transit
New York (LIRR)	108	Commuter
New York (Metro-North)	60-183	Commuter
Northern Indiana (NICTD)	6-12	Commuter
Philadelphia (SEPTA)	40	Rapid transit
	40	Light rail
Portland (Tri-Met)	7-10	Light rail
Sacramento	14-54	Light rail
San Diego (MTDB)	25-50	Light rail
San Francisco (Caltrans)	10-15	Commuter
San Francisco (MUNI)	130***	Light rail
St. Louis (Bi-State)	15	Light rail
Toronto (GO Transit)	50-100	Commuter
Toronto (TTC)	0-25	Light rail
Vancouver (BC Transit)	10-20	Light rail
	0-208	Rapid transit
Virginia Beach/Norfolk (Tidewater Transp. Dist.)	16-20	Light rail
Virginia, northern (NVTC)	0-20	Commuter
Washington (WMATA)	32-72	Rapid transit
Total	**1,727-2,793**	

**Would be purchased by new procurement if Breda option is not exercised.
***Plus 20 PCC rebuilds.

Plus: Boston (MBTA) 5-14 locomotives
Los Angeles (LACTC) 10 diesel locomotives.
Northern Indiana (NICTD) 2-4 diesel electric locomotives
Philadelphia (SEPTA) 11 locomotives

NOTE: This listing does not include people-movers—e.g., the Matra cars now in service in Jacksonville, Fla., and on order to Chicago's O'Hare Airport, or the AEG Westinghouse people-movers ordered last year by Metro-Dade (Miami) or JFK International Airport, among others. These will be covered in a special report later this year; beginning next year, *Railway Age*'s annual listing will be expanded to include all guided transport passenger vehicles.

the fact is that the big bulges of the early and mid-'80s were created by unusually big numbers of NYCTA orders which have now been completed.

NYCTA will soon be creating new bulges in the charts as it begins to phase in a whole new generation of cars in the mid- and late-'90s. Just a few weeks ago NYCTA awarded contracts to two builders—Bombardier of Canada and NIAC/Kawasaki of Japan—to construct prototype "new technology" trainsets. Bombardier's $19.5-million contract calls for nine 67-foot cars for the "B" Division (IND/BMT); NIAC/Kawasaki's $19.85 million contract is for ten 51-foot cars for the "A" Division (IRT). Each set of cars will be subjected to more than a year of rigorous testing before any production orders are awarded. Before the end of the century, New York expects to order 1,500 or more of the new generation cars. Among various new features, the new cars will incorporate a.c. propulsion. The IRT cars will have four doors on each side, to determine whether an extra door will improve passenger circulation.

Both Bombardier and NIAC/Kawasaki are already known to NYCTA as quality builders. During the '80s, Bombardier supplied 825 "A" Division cars to New York, and NIAC/Kawasaki supplied 325 "A" and 200 "B" units.

• Friends in Congress. The North American rail transit renaissance has been gaining momentum ever since the federal government began to assist urban transit in a substantial way a couple of decades ago—and it continues to gain momentum despite efforts to cut back on federal aid that began in the early years of the Reagan presidency. Passenger railroads—whether intercity, suburban, or urban—have a strong constituency in Congress, and Congress once again last year repelled efforts from the White House to cut back substantially on aid to Amtrak and to mass transit.

The 100th Congress, in addition to voting Amtrak a subsidy of $582 million, about 90% of what the railroad had requested, also approved a 1990 appropriation for the Urban Mass Transportation Administration (UMTA) of $3.048 billion, just slightly below the $3.155 billion provided in 1989. The new appropriation earmarks $430.7 million for rail modernization and $419.2 million for new starts and extensions. In the latter category, Los Angeles will get $139.6 million; Atlanta, $52.3 million; and St. Louis, $67.3 million. A separate fund of $84.7 million is earmarked for the Washington Metro.

• High speed's slow track. As for the future of intercity passenger rail, Washington seems to be sending out mixed signals.

In Tampa last month, Florida Governor Bob Martinez accepted a $650,000 check on behalf of the state from the Florida High Speed Rail Corp., which wants a franchise to build a 300-mile high speed rail system utilizing Asea Brown Boveri (ABB) technology. Left to right: FHSRC President R. Redding Stevenson; Bruce W. Wilkinson, chairman of CRSS Inc., a leader of the consortium; Malcolm Kirschenbaum, chairman of the Florida High Speed Rail Commission; Governor Martinez; Federal Railway Administrator Gilbert E. Carmichael; and Dr. Klaus Agthe of ABB.

On the one hand, Raul V. Bravo, chairman of the Railway Progress Institute's High-Speed Rail Task Force, felt compelled a few weeks ago to tell DOT Secretary Samuel K. Skinner that he was "extremely distressed to hear that you do not consider rail passenger transportation to be one of the critical components constituting a balanced transportation network."

Commenting on remarks Skinner had made at a Capitol Hill Club breakfast, Bravo told the Secretary: "We are certainly in full agreement with you that an efficient transportation network is an absolute necessity to bring our nation's productivity to competitive levels; but we must disagree with your statement that only air and highways can provide such a tool." Bravo said rail transportation can be provided for $3 million to $8 million per mile vs $10 million to $20 million per mile for a comparable capacity highway, and he added: "Rail is a much more efficient energy user than automobiles and planes and will help to reduce U.S. dependency on foreign oil, not to mention the benefits of reduction in air pollution."

On the other hand, Gilbert Carmichael, the head of DOT's Federal Railroad Administration, has emerged as a strong advocate of passenger rail, both Amtrak and various proposed high-speed corridors. In an interview with *Railway Age* he predicted that Amtrak might reach self-sufficiency by the year 2000, given the proper equipment, and he also said he expects to see both conventional high-speed rail and mag-lev corridors in operation by the turn of the century (see p. 40).

Any apparent conflict between the DOT secretary and his FRA Administrator is probably just that—apparent, not real. There's no evidence that Skinner opposes passenger rail as long as the federal government doesn't have to pay for it. And Administrator Carmichael, in addition to looking for a self-sufficient Amtrak, is also supporting high-speed corridors that would be paid for by private developers.

Private financing is exactly what the States of Florida and Texas have in mind as they proceed with their own high-speed plans. A consortium built around Asea Brown Boveri (ABB) technology recently paid Florida $650,000 for the privilege of continuing to seek a franchise to build a $2.5 billion line connecting Miami, Orlando and Tampa. Such a franchise is expected to be awarded in 1991. Meanwhile, a consortium led by Morrison-Knudsen and built around Bombardier/GEC Alsthom (TGV) technology, is seeking a franchise to build a $2.2-billion line linking Houston with Dallas-Fort Worth and, eventually, San Antonio and Austin. Texas is expected to make a decision in mid-1990. Less advanced are proposals for mag-lev lines in Pennsylvania and Nevada-California.

If and when these proposals begin to come to fruition, tomorrow's passenger railcar market could make today's seem like peanuts. ■